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Utah-Saudi Trade and Investment Trends

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Utah and Saudi Arabia



Utah exports to Saudi Arabia



Rank	Description	ANNUAL 2010	ANNUAL 2011	%2010- 2011	First Quarter 2011	First Quarter 2012	%2011- 2012
	TOTAL ALL COMMODITIES	13,755,910.	18,604,395.	35.25	3,820,040.	5,915,064.	54.84
1	Industrial Machinery, Including Computers	4,252,516.	7,889,541.	85.53	1,498,503.	2,622,035.	74.98
2	Toys, Games & Sport Equipment; Parts & Accessories	268,953.	2,020,764.	651.34	38,440.	1,158,490.	2,913.76
3	Optic, Photo Etc, Medic Or Surgical Instrmnts Etc	1,976,777.	1,829,126.	-7.47	276,460.	556,508.	101.30
4	Aircraft, Spacecraft, And Parts Thereof	943,168.	1,072,131.	13.67	357,346.	371,944.	4.09
5	Plastics And Articles Thereof	143,413.	925,955.	545.66	361,552.	281,148.	-22.24

- Utah exports to Saudi Arabia grew 35% in 2011 and have grown 55% in 2012 YTD.



Kingdom of Saudi Arabia





Advise When Entering the Saudi Market

- American exporters are not required to appoint a local Saudi agent or distributor to sell to Saudi companies. However, it is strongly recommend that all new-to-market U.S. companies consider partnering with a local company.
- Although the Saudi Government encourages foreign investment, U.S. firms are strongly encouraged to seek in-country legal counsel on the best approach at investing.
- For complete information and regulations on registering a business in Saudi Arabia, contact the Saudi Arabia Government Investment Agency (SAGIA) or Saudi Arabia Business Council.



Saudi Economy

- Business Monitor International Ltd. ranks Saudi Arabia as the “most attractive country” for petrochemicals among the 11 Middle Eastern countries it surveyed.
- According to the IMF, the Saudi economy will expand 4.5% in 2011
- In 2011, the fastest-growing non-oil industrial sectors were power generation, gas and water equipment and services (+6.0%); transport and communications (+5.6%); retail, restaurants and hotels (+4.4%); and construction (+3.7%).
- The non-oil private sector economy is expected to grow by 5.2% in 2011.
- Inflation is generally expected to remain stable at around +5%.



Saudi Economy

- Saudi Arabia was the United States' 12th largest trading partner in 2011
- All visitors to Saudi Arabia must have a Saudi sponsor in order to obtain a business visa to enter Saudi Arabia. However, an agreement, between the U.S. and Saudi governments, to grant reciprocal 5-year, multiple-entry visas for business travelers was signed in 2008.
- Intellectual property protection has steadily increased in the Kingdom. Over the last seven years, Saudi Arabia has comprehensively revised its laws covering intellectual property rights to bring them in line with the WTO agreement



Market Opportunity

- Saudi Arabia, the construction leader in the Gulf area, has budgeted US\$385 billion on roads, airports and energy projects for the five-year period from 2010 to 2014. The government is planning to spend US\$3 billion on 6,600 km of new roads in 2011 alone. Major rail and airport expansion projects are also under way.
- Saudi Arabia has the biggest IT market in the Gulf region, worth about US\$3.3 billion in 2010 and expected to grow to about US\$4.6 billion by 2014.
- The state-owned utility Saudi Electricity Company (SEC) intends to invest US\$70 billion by 2018 to add 22MW to the nation's power-generating capacity in order to meet the growing demand from a rapidly increasing population. SEC's goal is to reach a power-generation capacity of 65,000 MW by the end of the year 2018.
- Saudi Arabia is the third largest consumer of water per capita in the world, but has limited groundwater to tap. Desalination forms the backbone of the government's water strategy. The Saudi government has committed US\$6bn a year to bolstering the water sector over the next two decades



Market Entry Strategies

- Although the Saudi Government encourages foreign investment, Utah companies are strongly encouraged to seek in-country legal counsel on the best approach.
- The U.S. Commercial Service and the Saudi Arabia Business Council can assist by providing a list of local attorneys, which may be associated with American law firms.



Openness to Foreign Investment

- Saudi Arabia, despite fears stemming from global economic uncertainty tied to the sovereign debt crisis and euro zone crisis, benefitted greatly from stable global oil prices and what appears to be a new global average price for crude oil in 2010.
- Improvement of the investment climate continues to be an important part of the Saudi government's broader program to liberalize the country's trade and investment regime, diversify an economy overly dependent on oil and petrochemicals.
- The World Bank ranked Saudi Arabia 11th out of 181 economies in terms of ease of doing business.



Openness to Foreign Investment

- The government encourages investment in transportation, education, health, information and communications technology, life sciences, and energy
- Saudi Arabian General Investment Authority (SAGIA) set up an Investor's Service Center (ISC) to provide licenses to foreign companies, provide support services to investment projects, offer detailed information on the investment process, and coordinate with government ministries in order to facilitate investment procedures.
- In July 2003, the government took significant, long-awaited steps to lower the corporate tax rate on foreign investors to a flat 20%



Private Ownership and Property Rights

- Domestic private entities have the right to establish and own business enterprises and engage in all forms of remunerative activity. Private entities generally have the right to freely establish, acquire, and dispose of interests in business enterprises.
- The Saudi legal system protects and facilitates acquisition and disposition of private property, consistent with Islamic practice respecting private property.



- Following are key FDI indicators as provided by the referenced report for 2010 (all figures are in USD millions unless otherwise indicated):
 - FDI Inflow 35,514.0
 - FDI Outflow 6,526.0
 - FDI Inward Stock 147,145.0
 - FDI Outward Stock 40,314.0
 - FDI Inward Stock as % of GDP 40.5
 - FDI Outward Stock as % of GDP 11.1
 - FDI Inflow as % of GFCF 46.1
 - FDI Outflow as % of GFCF 8.0
- GDP = gross domestic product
- GFCF = gross fixed capita



Questions?

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For more information please visit:

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